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Cooperatives in social development

Report of the Secretary-General***

Summary

The present report was prepared pursuant to the request of the General Assembly to the Secretary-General to report on the implementation of its resolution 54/123 on cooperatives in social development and on the views of Governments on the draft guidelines aimed at creating a supportive environment for the development of cooperatives.

After an introduction, section II reports on progress made in the implementation of resolution 54/123. It is based on information received from Governments, relevant international organizations and specialized agencies, national and international cooperative organizations on their activities aimed at the utilization and development of the potential and contribution of cooperatives for the attainment of social development goals; the encouragement and facilitation of the establishment and development of cooperatives; and the creation of a supportive and enabling environment for the development of cooperatives.

Section III reports on the views of Governments on the draft guidelines and on ways to render support to Member States. The report concludes with some recommendations to promote the development of cooperatives. The draft guidelines have been revised, taking into account the recommendations, suggestions and comments received from Governments, and are annexed to the present report.

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** E/2001/100.
*** The submission of this report was delayed as a result of efforts to include as many responses as possible to the Secretary-General's questionnaire on the implementation of resolution 54/123.

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I. Introduction

1. The present report responds to resolution 54/123 of 17 December 1999 in which the General Assembly requested the Secretary-General to seek views from Governments on the draft guidelines aimed at creating a supportive environment for the development of cooperatives and to provide, if necessary, a revised version for adoption. In the same resolution, the General Assembly also requested the Secretary-General to prepare, in consultation with Member States and relevant United Nations organizations and international organizations, a report on the implementation of the resolution and to submit it, through the Economic and Social Council, to the Assembly at its fifty-sixth session.

2. A questionnaire was sent to all Member States seeking their views on the draft guidelines and information on progress made in the implementation of resolution 54/123. The present report is based on the replies from 12 governmental agencies which were received by mid April 2001.[1] A shorter version of the questionnaire was transmitted to relevant international organizations, specialized agencies and cooperative organizations; 21 responses were received.[2] Respondents provided information on the action taken in the following areas:

(a) Utilization and development of the potential and contribution of cooperatives for the attainment of social development goals, in particular the eradication of poverty, the generation of full and productive employment and the enhancement of social integration;

(b) Encouragement and facilitation of the establishment and development of cooperatives, including measures aimed at enabling people living in poverty or belonging to vulnerable groups to engage on a voluntary basis in the creation and development of cooperatives;

(c) Creation of a supportive and enabling environment for the development of cooperatives by, inter alia, developing an effective partnership between Governments and the cooperative movement.

Information on observance of the International Day of Cooperatives was also provided.

II. Implementation of resolution 54/123

3. In general, Governments reported their continuing support for the development of cooperatives and their recognition, in particular, of the potential and contribution of the cooperative movement for the attainment of social development goals. To that end, many Governments have taken important measures to create and/or sustain a supportive and enabling environment for the development of cooperatives. Many Governments have collaborated with or have been assisted by international organizations, specialized agencies and cooperative organizations in their efforts to promote and support cooperative development.

4. In Bolivia, the Government reports that the privatization of State-owned enterprises, undertaken as part of its structural adjustment policies, has affected cooperatives, and they are now profit-driven and controlled by a small group of cooperative leaders. Although it is widely believed that cooperatives should be autonomous, the Government often steps in to resolve conflicts or to address corrupt behaviour. However, apart from some cooperatives in the mining and financial sectors, there has not been strong direct support for cooperatives from the Government. The Government reports that it supports the International Day of Cooperatives.

5. The Government of Burundi reports on the revitalization of the cooperative and associative movement, with the help of the United Nations Development Programme (UNDP) and the International Labour Organization (ILO), and the expansion of the movement of savings and credit cooperatives in rural and urban areas, in cooperation with Credit mutuel de France. The Community Development Project for Poverty Eradication, developed in cooperation with UNDP, envisages the establishment and development of cooperatives and other self-help organizations. There have also been efforts to harmonize legal texts governing cooperatives and the private sector in order to grant tax benefits or general advantages to cooperatives and associations. To mark the International Day of Cooperatives, the Government issued a declaration on TV and radio to remind the population of the importance of cooperative development.

6. The Czech Government reports that it has good contacts with the cooperative movement and is willing to use every means to support the development of cooperatives. The Government believes the national cooperative unions could develop their potential and greatly benefit from membership in international organizations and by participation in international projects, information sources etc. It highly values the activities of social and self-help cooperatives that provide housing and work for citizens with lower incomes or for handicapped citizens. Many disabled people are being employed by special productive cooperatives. The Government has prepared a bill on housing cooperatives. It is also planning to have a team of experts to provide consulting services on cooperative legislative issues in developing countries as well as in Central and Eastern European countries. However, a problem, specific to some countries in transition, is the presence of a post-communist sentiment that cooperatives are a relic from the socialist era. The national cooperative unions are working hard to help their members enhance their competitiveness, create a supportive environment and improve their position. Although the International Day of Cooperatives is observed among the members of the cooperatives with special publications in the cooperative press, the event has not received any particular attention in the press or among the general public. In fact, not even all of the cooperative organizations observe it. The problem is that observance of the Day was obligatory under the previous regime; therefore keeping to it is not yet perceived positively by the public. This year, however, the unions of Czech cooperatives intend to hold a press conference on the Day, to draw the attention of the media.

7. The central Government of El Salvador has increased the regular budget of the Salvadoran Institute for Promotion of Cooperatives (INSAFOCOOP) in order to extend and improve the quality of its current services to cooperatives. A special body has been created to promote cooperative education through several educational projects designed to build new cooperative enterprises and to prepare a new generation of cooperative leaders. In accordance with the national policy of social development adopted by the Government for the period 1999-2004, INSAFOCOOP actively supports the creation of new cooperatives, particularly among vulnerable groups, in order to include youth, women, older persons and people with disabilities into the productive economy. It is also coordinating the efforts of the cooperative movement and the Government to improve relevant national legislation. It has signed agreements and letters of understanding with many governmental institutions to promote an enabling environment for the development of cooperatives, in such areas, as environment, housing and professional training. INSAFOCOOP observes the National Day of Cooperative Movements which is a special holiday celebrated with many cultural, educative and social activities during the entire month of July to promote integration among the diverse cooperative associations.

8. Finland has made it possible for unemployed persons to establish cooperatives and to take part in their activities without a reduction in the level of their unemployment benefits. The earnings from cooperatives are coordinated with unemployment benefits in the same way as other earnings. The Government has allocated money from the EU structural funds for developing social entrepreneurship to establish and develop the activities of work cooperatives. The Ministry of Social Affairs and Health of Finland has started a discussion with the cooperative movement to develop work cooperative law so as to meet the current needs of the economy.

9. In Israel the membership in cooperatives has been growing, and cooperatives are gaining power and influence in the social development of the country. The enhancement of social integration and the closing of the social divide between rich and poor, which still exists mainly between new immigrants and the rest of the population and between Arab and Jewish citizens, are handled at the grass-roots level largely through the activities of cooperatives. The partnership between the Government and the cooperative movement has been the cornerstone of economic and social development in the country since its establishment and is growing through joint programmes in education, industry incubators, and research and development institutions.

10. In Panama, the Government has elaborated strategies to establish cooperatives in marginal areas in order to improve the living conditions of the population in those areas. The coordination of activities with national and international organizations that work for poverty eradication could help the cooperatives obtain the necessary resources. Cooperatives are implementing plans and employment programmes that are consistent with the strategies of the Government for

socio-economic development. Different events are organized to observe the International Day of Cooperatives, including conferences on topics related to cooperative movement, workshops to emphasize the importance of women's participation in cooperatives, seminars about cooperatives for youth so that they can be incorporated into the cooperative system, and a street march in one of the provinces of the country (on a rotation basis) which ends in a special celebration attended by the President of the country.

11. In the Philippines, the Government, through the Cooperative Development Authority (CDA), has advocated for, organized and trained the poor who would be likely to benefit from the establishment of cooperatives. Non-governmental organizations that are implementing projects funded by official development assistance (ODA) programmes are encouraged to organize cooperatives for better project implementation. The Government is also looking for ways to improve the environment for the cooperative sector by reviewing the mandates and functions of CDA, especially in the areas of monitoring and supervising the operations and performance of credit cooperatives. The Philippine Government considers cooperatives as conduits for micro-finance services to capitalize poor microentrepreneurs in the country. Every year, the Philippines celebrates Cooperative Day (10 March) and Cooperative Month (16 October-15 November) with the staging of various advocacy activities and showcases.

12. In Portugal, the Government continues to give special attention to the cooperative sector alongside the public and private sectors. In 1999, it organized the first Cooperative Congress, together with two national cooperative confederations. A decision was taken at the Congress to create a national forum where both confederations would try to work together to create a single national confederation. During the Portuguese Presidency of the European Union the Government organized a European seminar on local development, citizenship and social economy, bringing together people from cooperatives, associations and foundations, Governments and European institutions. The Government recently approved a new cooperative taxation statute which gives legal definition to the general principles of cooperative taxation and restores to cooperatives some of the tax benefits they lost in 1988. In 1998, legal status was provided to social solidarity cooperatives that supported the promotion and integration of vulnerable groups, including children, youth, older people, and people with disabilities. In December 2000, the Government approved the Cooperative Development Programme to stimulate youth associative work and cooperative initiatives; to support job creation and investment in new cooperatives; and to foster the development and modernization of the cooperative sector.

13. The Portuguese Government is trying to bring together different state organizations dealing with cooperatives in the European Union, in Portuguese-speaking countries, and in Latin-American Spanish-speaking countries, to discuss common problems and to foster new principles. For that purpose the Cooperative Organization of Portuguese-speaking Countries was formed, with members drawn from governmental bodies, confederations, federations, unions and individual cooperatives. Regular meetings have been held in Portugal, Brazil and Cabo Verde. In Portugal, celebration of the International Day of Cooperatives is organized by national confederations, with the participation of governmental authorities. The celebrations include popular activities and cooperative seminars with the aim to develop links between cooperatives and local communities.

14. In Slovakia, the Government has included the cooperative system within the National Plan of Employment and, thus, cooperatives actively contribute to solving problems of unemployment. The Government provides support to existing cooperatives, and new types of cooperatives are created in accordance with cooperative development in the EU countries. The cooperatives actively participate in the country's development. The Government strives to create conditions to encourage and facilitate the establishment and development of cooperatives. Supportive, consultative, informative and educative cooperative structures are being established to help people who are interested in creating new cooperatives. The International Day of Cooperatives is observed every year, together with the organization of the International Cooperative Contract-Selling Exhibition. The representatives of the Government of the Slovak Republic, the international cooperative movement and other guests from various institutions participate in the celebration of the Day.

15. In Turkey, the Government reports on studies to support agricultural cooperatives technically, financially and organizationally. As a result of the

adoption of a constitutional regulation on cooperative development, agricultural cooperatives that were not autonomous have been given autonomy. The Government provides financial support to cooperatives but considers it to be insufficient because of constraints on budget allocations. The Turkish Cooperative Association observes the International Day of Cooperatives annually by organizing talks, meetings and symposia to demonstrate the meaning and importance of the Day.

16. The Government of the United States reports that United States law exempts from corporate income tax cooperatives that do a majority of their business with members. Similarly, the Capper-Volstead Act exempts cooperatives and similar associations from monopoly legislation, subject to the review of the Secretary of Agriculture. Government funding provides support to the promotion, organization and creation of cooperatives and community credit unions. Cooperatives have long played an important role in such fields as agricultural supply and marketing, the farm credit system, rural electrification and telecommunications, consumer savings and credit, housing, independent retailers and local consumer services. In virtually every instance the federal and state governments have provided financial support, extension services and favourable legislation which has contributed to the success of the cooperatives.

17. The United States has created a legal and regulatory environment and has provided financial and technical assistance to cooperatives in a variety of ways. As a result, cooperatives play a prominent role in many sectors of the United States economy and include a number of "Fortune 500" firms. At the same time, cooperatives, cooperative development organizations and private voluntary organizations continue to play an active role in encouraging less advantaged members of society to join together in credit unions and cooperatives better to serve their economic interests.

18. Cooperatives and their associations in the United States are full partners in the democratic process. They advance their interests in dialogue with the federal and state governments, with the legislative and executive branches. The Government provides human and financial resources, as well as other incentives, in support of cooperatives. The Department of Agriculture's Rural Business and Cooperative Services division includes a wide variety of expertise available to cooperatives including commodity specialists, management experts and experts in law and regulation. The United States Department of Agriculture promotes and supports new cooperatives within its mission and mandate. The National Credit Union Administration regulates thrift and credit cooperatives. The Rural Electric Administration has played a critical role in financing the creation and expansion of rural electric cooperatives. The Farm Credit Bureau provides a wide range of support to cooperative financial institutions. Those are the ways in which the federal and state governments foster a relationship with cooperatives. However, the principle guiding that relationship is equality and respect for the cooperatives as autonomous, member-owned and -governed enterprises.

19. From 1962 onwards, the United States international assistance programme has provided funding for United States cooperative development organizations, which have, in turn, shared the experience and resources of the United States cooperative movement with their counterparts around the world. Those activities have included agricultural supply, marketing and finance cooperatives; housing cooperatives; rural electric and telephone cooperatives; credit unions and thrift and credit cooperatives. In 2000, the United States Government provided about $175 million to fund international cooperative development activities. The Overseas Cooperative Development Act, passed by Congress in October 2000, expands the government mandate in its overseas programmes specifically to promote credit unions; agricultural cooperatives in farm supply, marketing and processing; rural electric and telecommunications cooperatives; insurance cooperatives; and community-based cooperatives that advance self-help housing, environmental improvements and job creation.

20. The Food and Agriculture Organization of the United Nations (FAO) aims to build the capacities of rural public institutions and private-sector and civil society organizations, including cooperatives, at all levels, to become effective partners in designing and implementing policies and strategies, as well as poverty alleviation and food security programmes, that improve the socio-economic and food security conditions of small farmers, the rural poor, and other marginalized groups. FAO has been implementing a training-of-trainers programme aimed at helping developing countries and countries in transition transform their agricultural cooperatives into genuine

self-reliant organizations that operate efficiently within a market economy and contribute to improving incomes and employment opportunities for small producers. In support of that programme, FAO has published a training manual, *Agricultural Cooperative Development: A Manual for Trainers*, which will soon be available in French and Spanish as well. Plans for Web publishing of the manual are under way. A separate module on accounting and cooperative business information management has been developed and will be added to the manual.

21. The FAO cooperative programme focuses on strengthening the business competitiveness of agricultural cooperatives through improved cooperative capital formation. A report undertaken by FAO, in collaboration with the Turku School of Economics and Business Administration of Finland, provides insights on the main constraints to strengthening the capital formation and business performance of agricultural cooperatives in Kenya under the current liberalized market conditions as well as useful recommendations for cooperatives in other countries in that sub-region. FAO has prepared a draft concept paper on agricultural cooperative computerization which can improve business efficiencies by providing more timely and accurate information on cooperative services and the market.

22. FAO has promoted the establishment and development of small farmers' cooperatives, mainly through its field programmes and technical assistance projects. Some recent examples include: capacity-building for agricultural cooperative development in Yemen; cooperative policy and programme development in Viet Nam; restructuring and institutional strengthening of the cooperative sector in Morocco; training of trainers in cooperative development in Ethiopia; analysing the potential role of cooperatives and rural finance in an EU accession environment; capacity-building for promotion of cooperative small farmer and women's group activities in Thailand; and assistance in agricultural cooperative development in Nepal.

23. The International Labour Office (ILO) develops the potential and contribution of cooperatives for the attainment of social development goals through its collaboration with national and international cooperative development agencies, institutions and organizations, such as the Committee for the Promotion and Advancement of Cooperatives (COPAC) and the International Cooperative Alliance (ICA). The activities of the ILO Cooperative Branch include technical cooperation, technical advisory services, international meetings, research and publications. Its ACOPAM Programme was aimed at poverty alleviation and the creation of sustainable livelihoods in the Sahel region, with the help of grass-roots cooperative-type organizations. Although the programme ended in 2000 after 21 years of field activities, its partners (188 in eight different countries) continue to network and utilize the training methodologies and tools developed by ACOPAM. The ILO also has a subregional project, "Promotion of gender equality in rural cooperatives", which focuses on poverty alleviation and income-generation in six countries. In addition, the INDISCO Programme aims at reducing poverty and strengthening the self-reliance of indigenous and tribal communities through cooperatives and self-help organizations.

24. Through its technical cooperation programmes and activities and its technical advisory services, the ILO encourages and facilitates the establishment and development of cooperatives and takes measures to enable people living in poverty or belonging to vulnerable groups to participate in the creation and development of cooperatives on a voluntary basis. The Local Economic Development (LED) Programme is aimed at creating decent jobs at the local level through social dialogue, planning and the promotion of an entrepreneurial culture. At the centre of the approach is the development of public/private partnerships that bring together stakeholders in the local economy, such as local governments, workers' and entrepreneurs' associations, cooperatives, economic support institutions and non-governmental organizations. Other interregional programmes of the Cooperative Branch which have an indirect effect on poor and disadvantaged groups include COOPREFORM and COOPNET. The COOPREFORM Programme aims at assisting policy makers in creating a favourable climate for cooperative development and in strengthening the capacity of national cooperative organizations in providing technical support services to their members. The COOPNET Programme responds to changes in the economic, social and political environment of cooperatives by focusing on human resource development (HRD). Its main activities are centred on curriculum development, training methods and materials, management consultancy, auditing and modern personnel policies, and strengthening capacities to improve cooperative entrepreneurship.

COOPNET's direct beneficiaries are the trainers and managers of cooperative HRD institutions and programmes. The Cooperative Branch also provides technical support to country-level projects in Burundi, Cameroon, Chad, Central African Republic, Comoros, Guinea and Togo, aimed mainly at poverty alleviation and job creation through cooperatives and other self-help organizations.

25. In 2001 and 2002 the International Labour Conference will discuss the adoption of a new international instrument to replace ILO recommendation No. 127, "Role of cooperatives in the economic and social development of developing countries", adopted in 1966. The purpose of the revision is to provide an updated policy reference framework for ILO member States as well as for the services provided to them through the cooperative programme. Apart from the advisory services provided by the Cooperative Branch specialists at Headquarters and ILO specialists in the field, the interregional COOPREFORM programme provides assistance in cooperative development policy, cooperative legislation, and cooperative support services, thus addressing the need to create a favourable legal, institutional and administrative environment for the development of genuine, viable cooperatives. Since 1993, 16 countries have promulgated cooperative acts that have been drafted with assistance from the Programme. In addition, nine countries have officially endorsed modern cooperative development policies that were elaborated with assistance from COOPREFORM. The Cooperative Branch also has two ongoing UNDP projects in Burundi and Guinea on cooperative law and policy.

26. As part of the follow-up activities to the Second United Nations Conference on Human Settlements, UNCHS (Habitat) has initiated a close collaboration with ICA to enhance the contribution of cooperatives to shelter delivery in eastern and southern Africa. A memorandum of understanding between Habitat and ICA was signed in 1998. The results of a joint research project is to be published as a Habitat/ICA publication, "Shelter cooperatives in eastern and southern Africa: contributions of the cooperative sector to shelter development". A consultative meeting on the same topic was convened in February 2001 by ICA during the second substantive session of the Preparatory Committee for the Special Session of the General Assembly for an Overall Review and Appraisal of the Implementation of the Outcome of the United Nations Conference on Human Settlements (Habitat II). It discussed the follow-up to the establishment of a regional programme framework for improved cooperative contributions to shelter delivery and poverty reduction. At the meeting, the heads of Habitat and ICA signed an extension of the memorandum of understanding between the two agencies for a period of two additional years, focusing on expansion of successful collaboration in eastern and southern Africa to other regions. A colloquium on the contributions of the cooperative approach to housing development in central and eastern Europe and the Commonwealth of Independent States (CIS) region is already being planned, in collaboration with the Economic Commission for Europe (ECE) and host authorities in Turkey. The meeting is scheduled to take place in Istanbul, in September 2001.

27. ICA has a development programme to assist cooperatives throughout the world. Its actions are based on a participative process where members' needs, as identified by them, are formulated into development programmes. ICA then seeks partners to implement the programmes. At present ICA is implementing the programmes and projects noted below. The Finnish Ministry for Foreign Affairs has, since 1994, financed the ICA/FOPROPE project, Promotion of Rural Financial Services, in Bolivia. The Ministry is also funding a new project in Argentina in collaboration with the Institute of Cooperative Studies of the University of Helsinki. In 2000, the Department for International Development (DFID) in the United Kingdom agreed to finance the project, Managing Change: Supporting Cooperatives in Transition in Central Asia, in Kyrgyzstan. However, drastic changes in the status of the Kyrgyz cooperative movement have necessitated the cancellation of the project. Meanwhile, the collaboration with DFID continues in Africa. There is also close collaboration between ICA and the Swedish Cooperative Centre in Africa and in Latin America, in areas where there are clear synergies between the objectives and activities of the two organizations. A new four-year agreement was signed with the Royal Norwegian Society for Development.

28. A major new initiative for ICA has been work on introducing a new top-level domain name ".coop". Approved in November 2000, the new domain name is likely to become available to cooperatives around the world in mid June 2001. ICA is working with its

United States member, the National Cooperative Business Association — the sponsor of the ".coop" application — in the creation of new entity to manage ".coop" operations. A digital divide fund will be created with the revenues generated by ".coop" registrations.

29. ICA regularly organizes ministerial conferences in Asia and Africa where representatives of government ministries responsible for cooperatives meet to discuss policy issues concerning cooperatives. The last two conferences were held in China and Swaziland. Government officials are regularly invited to ICA events to foster exchanges in information and partnership. The ICA European research conference will be held in conjunction with the seventh European Conference on Social Economy (Sweden, 7-9 June 2001). The theme of both conferences is "The social capital of the future" and will give participants the opportunity to explore, within the broader context of issues facing the social economy in Europe, the specific role of cooperatives and social enterprise in society. The topics to be discussed include: the identity of cooperatives and social enterprise; social economy and women; social entrepreneurship; the transformation of cooperatives in Eastern Europe; and legislation.

30. In October 2000, the ICA Board approved the formation of an ICA Youth Network with the aim of encouraging the integration of young people into all levels of cooperative organizations and to promote the cooperative philosophy through a network of young people. The Network will also encourage exchange of experience among young people, promote transfer between senior and more junior cooperators, increase the level of participation of young people in ICA structures and events. Youth coordinators are appointed in each of the ICA regional committees to ensure regional input and a survey of activities undertaken. Other planned activities include a regional seminar for Asia/Pacific in June 2001 on the theme "Leaders towards cooperation: Leading the new century", a youth event for Europe in conjunction with the Regional Assembly in Portugal in 2002 and a global conference to be held in Seoul during the ICA General Assembly in October 2001.

31. Since the World Summit for Social Development and the Beijing Conference on Women, the cooperative movement has increasingly sought to improve the status of women in cooperatives and in society. In 1995, ICA passed a resolution on gender equality in cooperatives, noting that gender equality was a global priority for the cooperative movement. A series of programmes and projects were undertaken by the ICA at the global and regional levels to raise awareness of the issue and to collect data to enable measurement of progress made. International collaboration between the ICA and the ILO Cooperative Branch has resulted in a series of activities on gender issues and cooperatives, including a manual for trainers, "Gender issues in cooperatives: an ILO/ICA perspective". The ICA Global Women's Committee has organized a series of seminars and meetings on women and cooperatives. At the regional level, ICA has also been active in promoting gender awareness as well as equality and equity between women and men; comprehensive gender programmes, platforms for action, gender plans and strategies were prepared and adopted in practically all regions. Since then, women's participation in cooperatives has increased considerably. At the global level, advances are being made and the participation of voting women delegates has doubled, although their overall percentage share is still small.

32. To celebrate the International Day of Cooperatives, ICA assembles a press pack with messages from the Secretary-General of the United Nations, ILO and ICA, as well as information from both multilateral and cooperative organizations. These materials are published in hard copy and in electronic form on the ICA and COPAC Web sites. The press pack is distributed to over 2,000 organizations and individuals, as well to the United Nations Information Centres around the world. In 1999, the United Nations Secretary-General's report on cooperatives was included in the press pack. In 1998, the International Day focused on cooperatives and the globalization of the economy; in 1999, on public policy and cooperative legislation; and in 2000, on cooperatives and employment promotion. ICA member organizations organize events at the national, regional and local levels to promote awareness and understanding on cooperatives. The United Nations Secretary-General's message figures prominently in many of these celebrations. In 1998, ICA produced a series of video news releases, which were broadcast on television stations throughout the world.

33. The International Confederation of Free Trade Unions (ICFTU) reported on its close cooperation with ICA, particularly with a view to achieving a successful

revision of the ILO recommendation on cooperatives and its support to the International Day of Cooperatives.

34. The Organization of Brazilian Cooperatives (OCB), the top representative of Brazilian cooperative system, provides incentives and support to work cooperatives, which are formed by the unemployed or individuals with low compensations. With increasing globalization, many types of cooperatives have mushroomed in the areas of urban cleaning, recycling, and construction; they provide permanent and productive employment and increase social integration. OCB promotes the creation and development of cooperatives and provides orientation to those who want to set up new ones. It also provides technical and professional assistance through a national service of cooperative education called Sescoop, created in April 1999. Currently, it is seeking support from the Government and the private sector to help with the development of the cooperative system, in particular to establish a programme that will teach youth in schools about the benefits of the cooperative system and help them develop leadership skills. On the International Day of Cooperatives, OCB sends a message to the entire Brazilian system of cooperatives and requests that the day be celebrated by all organizations.

35. The Cooperative Association of the Czech Republic aims to foster the development of cooperative potential for the attainment of social development goals. The cooperative unions of the country provide employment to many thousands of people. The cooperative management coordinates and implements its social programmes in close collaboration with trade union organizations. The Union of Agricultural Cooperatives and Societies is currently the largest non-governmental organization in the Czech Republic and has a good record of establishing new cooperatives. It offers advisory services on business, legislation, commerce and social issues. The Union of Producer Cooperatives is very active in providing assistance to the disabled by helping them to establish so-called "social cooperatives". The Czech cooperatives develop effective partnerships with the Government mainly through the Council of Economic and Social Agreement (comprising Government, trade unions and employers), the Economic Chamber, and the Union of Commerce. The Union of Consumer Cooperatives has its representative in the Legislative Commission of the Government for commercial law. The national Cooperative Association, in collaboration with the Union of Housing Cooperatives, participates in drafting legislative norms for housing cooperatives to enable access to housing for socially disadvantaged groups of population. The efforts of all cooperative unions have been currently directed to the adoption of a separate cooperative law. Every year the Cooperative Association publishes and distributes the translation of the ICA message for the International Day of Cooperatives. The observance of the Day is implemented mainly at the level of individual consumer cooperatives through cultural and social activities.

36. In Greece, the Institute of Cooperation, with the assistance of the Dutch Embassy and financial support channelled through the Confederation of Agricultural Cooperatives, embarked in a research project aiming at determining the possibilities of collaborative cooperation between Dutch and Greek cooperatives and at bringing together the parties interested. A new law on agricultural cooperatives of 2000 was prepared by a tripartite committee composed of representatives of the Ministry of Agriculture, the Confederation of Agricultural Cooperatives and the Institute of Cooperation. The Institute translated into Greek the report of the Secretary General on the status and role of cooperatives in the light of new economic and social trends, the draft guidelines and the text of resolution 54/123. These were published in the national quarterly *Cooperative Review*. For the International Day of Cooperatives, the Institute translates and publishes the messages issued on the occasion by the United Nations and ICA.

37. In Japan, many cooperatives promote initiatives to help young mothers who tend to be isolated in the nuclear families by organizing special courses and circles for them. More than 50 cooperatives organized "mutual help groups" to render support to the elderly and the handicapped for housekeeping, including cooking, cleaning and shopping. Some of cooperatives provide more professional care services under the Long-term Care Act, which took effect in April 2000. Every year, the Japan Joint Committee of Cooperatives publishes posters and organizes the events commemorating the International Day of Cooperatives at national and provincial levels.

38. In 2000, the Central Union of Consumer Cooperatives organized conferences all over the Russian Federation to determine the main directions

and means of social activity, including work for poverty eradication and pecuniary aid for disabled and retired people. Last year consumer cooperatives ensured the employment of 120,000 people and provided 15,000 new jobs. The service network and home works are being revived in the countryside, providing additional jobs for the unemployed and for youth. Consumer cooperatives in the Russian Federation take care of large families, retired and disabled people and indigent cooperative members: their personal plots are cultivated, fuel and building materials are delivered to them, and goods are sold to them at reduced prices. People who live below the poverty line or are not able to work at enterprises are provided with some homework. The recently adopted law on consumer cooperatives fixed the relationship between the Government and the cooperative movement. Other cooperative/government agreements are concluded every year, on such important issues as mutual commitments, methods of improving service, cooperative privileges in taxation and power resources etc. About 30 governmental decisions on cooperative development were taken in 2000. The International Day of Cooperatives has been celebrated in the Russian Federation for a long time, with public shows and amateur arts festivals. It is becoming a big popular event, covered in the mass media. The best cooperative organizations are rewarded.

39. The members and owners of the Swedish Cooperative Development and Research Institute are the consumer cooperatives. The Institute reports that there is a system of local cooperative agencies (one in every region) giving free consultation to groups of people who wish to start cooperatives. The Government provides economic support to these agencies. Cooperatives in new sectors are creating jobs for many unemployed people. New cooperatives in the service sector have been set up by the mentally retarded, for example, so that they could get jobs. These cooperatives often get support from local authorities. Last year they formed a national association to deal with common tasks. The Institute produces handbooks on ways to set up a cooperative and collaborates with local agencies. Two years ago it produced five television programmes, targeting young people, on the theme "Start a company — together", which were sent to public television. The Cooperative Institute regularly meets with members of Parliament from different parties to discuss questions of importance for the cooperative movement. There are also meetings between cooperative organizations and the Government twice a year.

III. Views of Governments on the draft guidelines and on the ways to render support to Member States

40. All Governments that replied to the questionnaire expressed a generally positive view of the draft guidelines annexed to the previous report of the Secretary-General (A/54/57) on cooperatives. The majority of reporting Governments supported the text. Some also made specific comments and suggested revisions. On the basis of those suggestions and comments, revised draft guidelines have been prepared (see annex).

41. The following comments and suggestions were received:

(a) The draft guidelines should contain suggestions for incorporating persons from vulnerable groups into the cooperative system;

(b) There could be more emphasis on international cooperation — in particular, cooperation between North and South cooperatives;

(c) The draft guidelines mention government's partnership with cooperatives in several places but, historically, such "partnerships" have been unequal ones, with government playing the role of major partner, often at the cost of the autonomy of the cooperative. It was suggested that public goals are best pursued either through public agencies or through incentives and/or penalties, and that there should be no references to "partnerships" in the guidelines;

(d) The view that the best policy approach is one where cooperatives receive the same treatment as any other form of enterprise should be endorsed and every effort should be made to ensure that the guidelines respect this standard;

(e) The section on general cooperative law is far longer and more exhaustive than desirable. The general principles that should be found in good cooperative legislation should be specified, and detailed description should be avoided. While the law can and should incorporate national policy, specific and positive references to cooperatives and the international cooperative movement, unique

contributions to national life and similar references should not be incorporated as part of the guidelines;

(f) The law should enable the formation and operation of cooperatives and should permit them to operate with relative equality with other forms of enterprise, while accommodating their unique ownership, governance, source and distribution of capital and surplus;

(g) The question of whether Governments should enact provisions exempting cooperatives from monopoly and restrictive practice laws or offer special tax treatment based on the nature of ownership is one that should be individually addressed and not incorporated into general guidelines;

(h) The success of cooperatives depends, like that of other institutions, on discipline and prudence in the management of their affairs. Regulation, examination and compliance requirements are the responsibility of government and deserve inclusion in the text of the guidelines. To ignore these is to jeopardize the success of cooperatives and cooperation;

(i) The draft guidelines could include some elements on how cooperatives, especially credit cooperatives, can be supervised and monitored by the government to protect their members.

42. The following views were received on ways to render support to Member States in their efforts to create a supportive environment for the development of cooperatives:

(a) Governments often need technical assistance to improve laws, judicial and administrative regulations. Constitutional reforms should seek to incorporate the integrity of cooperatives, define their economic and social objectives, and respect for and protection of human rights of male and female members. Appropriate legislation should also cover cooperatives that are organized by persons from vulnerable groups — women, the elderly, the disabled, and youth. The Governments of developing countries should guide the cooperative movement towards autonomy by the creation of appropriate and supportive framework structures;

(b) Special legislation, enforced by the cooperative sector, should allow cooperative associations to promote integral development but with special attention to economic, legal, administrative, social and cultural issues. Such legislation, based on cooperative principles and values, should establish an institutional framework that provides some kind of national register of cooperatives which takes into account the need for a clear mechanism to bring juridical security to its members. In addition, Member States should take measures to monitor cooperatives on an equal footing with other enterprises, and ensure the harmonization of the law on cooperation with the overall legislation in force;

(c) International cooperation for technical assistance is needed in the areas of public services, savings and credits, agriculture, mining, consumption and services. Such cooperation could increase the efficiency of cooperatives, improve management, effectiveness and productivity, and reduce corruption. Member States could set up local or regional cooperative agencies to provide free consultation to groups interested in starting a cooperative;

(d) The success of cooperatives is inextricably linked with the cooperative values of mutuality and self-help, and with the fundamental cooperative principles which limit membership to genuine users; govern through democratic control; raise and distribute capital based on patronage; educate and train members; and encourage cooperation with other cooperatives, whether economic or to advance common goals. Successful cooperatives are successful business enterprises that create value for their owners. That value is both financial and in the form of the available goods and services. Legislation that respects cooperative values and principles and which recognizes that cooperatives are businesses, not tools of government social policies, will create an environment in which cooperatives can succeed. However, it must be recognized that, like any other form of business, a cooperative can fail. Governments can and do choose to provide selective incentives and benefits to cooperative enterprises. Generally, the best policy is to ensure neither substantial advantage or disadvantage to cooperatives;

(e) New cooperative policies and laws should be made known to the general public through popularization campaigns;

(f) Cooperatives need updated database/information systems. They also need to share and exchange ideas, experiences, and lessons learned. Facilitating opportunities for such exchange would be an important factor in improving the contributions of the cooperative

sector. In this regard, conferences for the sharing and exchange of ideas and experiences among countries on the strengthening of the cooperative movement could be organized. Best practices could be shared on cooperative banks, credit and marketing cooperatives, cooperatives of formal and informal workers, and multipurpose cooperatives. The role of the Government, private sector and civil society in the creation of a supportive environment for cooperative development could be enhanced;

(g) With increasing deregulation and the globalization of markets, there is greater social and economic need for cooperatives to provide leverage and access to markets, as well as solidarity and leadership in communities. However, there is a desperate need to establish a highly professional vocation-oriented pool of cooperative managers to serve the membership and to provide expert guidance and leadership. This is critical for the future of cooperatives. Most of the issues of poor involvement and weak governance can be traced to cooperatives being dominated by lay volunteer boards whose members lack the necessary professionalism to make objective decisions. It is not a question of subverting democracy but of facilitating it and ensuring that cooperative boards have professional managers to lead them and share accountability with lay directors. To facilitate such a development requires: a major investment in the development of cooperative value-based management development materials, a real effort to create a market for such managers in the cooperative sector; and a desire to supply such a market from the new generation of young men and women who are more concerned with service than personal enrichment. Without professional value-based management, cooperatives have little hope of reaching their potential;

(h) Member States welcomed the assistance of the United Nations and other relevant international organizations to create and/or maintain a supportive and enabling environment for the development of cooperatives.

IV. Recommendations

43. The following recommendations are submitted for consideration by the General Assembly:

(a) Urge Governments to: adopt the revised draft guidelines aimed at creating a supportive environment for the development of cooperatives and keep under review the legal, judicial and administrative provisions governing the activities of cooperatives, with a view to ensuring a supportive environment in which cooperatives can participate on an equal footing with other forms of enterprise, protecting and advancing the potential of cooperatives to help members achieve their individual goals and to contribute to society's broader aspirations;

(b) Invite Governments, in collaboration with the cooperative movement, to develop programmes to promote professional cooperative value-based management and to create or improve statistical databases on cooperative development and the contribution of cooperative enterprises to national economies;

(c) Invite relevant specialized agencies, national and international cooperative organizations, in collaboration with Governments, as appropriate, to provide technical assistance and promote an exchange of experience, through the organization of conferences, workshops and seminars at the national, subregional and regional levels;

(d) Request United Nations agencies that are members of the Committee for the Promotion and Advancement of Cooperatives (COPAC) to increase their support to the Committee, with a view to broadening its activities, and to encourage other United Nations agencies to join COPAC so as to further strengthen its capacity to address cooperative issues.

Notes

[1] Replies were received from the following Member States: Bolivia, Burundi, Czech Republic, El Salvador, Finland, Israel, Panama, Philippines, Portugal, Slovakia, Turkey and the United States of America.

[2] Replies were received from the following international organizations and specialized agencies: Food and Agriculture Organization of the United Nations, International Labour Office; International Maritime Organization; International Monetary Fund; United Nations Conference on Human Settlements (Habitat); United Nations Conference on Trade and Development; United Nations Educational, Scientific and Cultural Organization; United Nations Environment Programme; United Nations Industrial Development Organization; World Health Organization; World Trade Organization; Economic Commission for Latin America and the Caribbean; and International Cooperative Alliance. Replies were also received from cooperative organizations and institutions from the following countries: Brazil, Czech Republic, Greece, Japan, Russian Federation, Sweden and the United Kingdom of Great Britain and Northern Ireland.

Annex

Draft guidelines aimed at creating a supportive environment for the development of cooperatives

Objectives

1. Within the General Assembly and the Economic and Social Council, and at major recent international conferences, Governments have acknowledged the significance of cooperatives as associations and enterprises through which citizens can effectively improve their lives while contributing to the economic, social, cultural and political advancement of their community and nation. They have recognized the cooperative movement as a distinct and major stakeholder in both national and international affairs.

2. Governments recognize that the cooperative movement is highly democratic, locally autonomous but internationally integrated, and a form of organization of associations and enterprises whereby citizens themselves rely on self-help and their own responsibility to meet goals that include not only economic but social and environmental objectives, such as overcoming poverty, securing productive employment and encouraging social integration.

3. Consequently, Governments seek to create an environment in which cooperatives can participate on an equal footing with other forms of enterprise and develop an effective partnership to achieve their respective goals. Policies should protect and advance the potential of cooperatives to help members achieve their individual goals and, by so doing, to contribute to society's broader aspirations.

4. However, such policies can be effective only if they take into account the special character of cooperatives and the cooperative movement, which differs significantly from that of associations and enterprises that are not organized according to cooperative values and principles.

5. The objective of the present guidelines is to provide advice to Governments and set out broad principles on which national cooperative policy might best be based, recognizing that more specific and detailed national policies fall within the responsibility of each Government. Because of the governmental expectations regarding the cooperative movement and the rapidly changing global conditions and changes in the cooperative movement itself, many policies in most of the Member States of the United Nations might benefit from review, and in some cases from substantial revision.

Policy regarding cooperatives and the cooperative movement

6. The objective of the policy is to enable recognition of cooperatives as legal entities and to assure them and all organizations and institutions set up by the cooperative movement real equality with other associations and entities. In order to ensure equality, the special values and principles of cooperatives must receive full recognition as being desirable and beneficial to society and that appropriate measures are taken to ensure that their special qualities and practices are not the cause of discrimination and disadvantage of any kind.

7. To achieve this objective, Governments are concerned with creating, and with maintaining as conditions change, an enabling environment for cooperative development. As part of such an environment, an effective partnership between Governments and the cooperative movement could be sought.

Public recognition

8. It is appropriate and useful for Governments to acknowledge publicly the special contribution, in both quantitative and qualitative terms, made by the cooperative movement to the national economy and society. The joint observance of the observance of the International Day of Cooperatives and the International Cooperative Day organized by the International Cooperative Alliance, pursuant to General Assembly resolutions 47/90, 49/155 and 51/58, may provide an occasion on which information on the cooperative movement is publicly disseminated.

Legal, judicial and administrative provisions

9. Appropriate provision is necessary within legal, judicial and administrative practice if cooperatives are

to contribute positively to improving the lives of their members and the communities in which they operate. Legal provisions may take various forms appropriate to individual national legal systems. The status, rights and responsibilities of cooperatives, the cooperative movement in general, and, if appropriate special categories of cooperatives or distinct aspects of cooperation should be addressed.

10. **National constitutions**: The legitimacy of cooperatives and the cooperative movement could be acknowledged in these instruments, if appropriate. Provisions that limit the establishment and operations of cooperatives should be appropriately amended.

11. **General law on cooperatives or the general section of a single law on cooperatives**: A general law on cooperatives or laws specific to cooperatives or under which cooperatives fall should ensure that cooperatives enjoy real equality with other types of associations and enterprises and not be discriminated against because of their special character. Laws should include the following basic set of acknowledgements, definitions and provisions: acknowledgement that the organization of associations and enterprises on the basis of cooperative values and principles is legitimate; acknowledgement of the utility of the cooperative approach to association and enterprise, its contribution to national life and the status of the cooperative movement as a significant stakeholder within society; definition of cooperatives, using the "Statement on the cooperative identity", adopted by the International Cooperative Alliance in 1995; recognition of the unique nature of the values and principles of cooperation, and hence the need for their separate and distinct treatment in law and practice; commitment that neither their unique nature nor their separate and distinct treatment in law and practice should be the cause of discrimination, intended or not; undertaking that no law or practice should restrict the rights of citizens to full participation in the cooperative movement in any capacity consistent with its values and principles and should not restrict the operation of that movement; provision that a general law apply to all categories of cooperatives but that, in order to respond to the situation of certain categories of cooperatives, special laws might be enacted, consistent with the general law; stipulation that all judicial and administrative regulations and practices be based only on the general or special laws on cooperatives; that all regulations clearly identify the provision of the law on which they are based and the purpose for which they are made; recognition of the full autonomy and capacity for self-regulation of the cooperative movement; acknowledgement that intervention by Governments in the internal affairs of the movement should be strictly limited to measures applied generally to all associations and enterprises equally in order to ensure their conformity with the law. Adjustments may be made only to ensure: real equality in treatment; definition of the responsibilities of the cooperative movement for self-regulation in all matters distinctive to it; provision that the texts of laws and regulations be made available to all cooperative members and employees; provision that representatives of the cooperative movement participate fully in drafting special laws or judicial or administrative regulations and guidelines concerning practice; provision for the maintenance of a public register of cooperatives as a part of procedures for registration of all associations and enterprises; provision for procedures for continuous monitoring and regular review of law and practice which would include the full and equal participation of representatives of the cooperative movement and for encouragement of research on the effect of law and practice on the environment for cooperatives; establishment of the responsibility of Governments to formulate and carry out a policy in respect to cooperatives that would seek to establish a supportive and enabling environment while avoiding any infringement of the autonomy of the movement and any diminution of its capacity for responsible self-regulation and would seek also to engage in an effective and equal partnership with the movement in all matters where it is able to contribute significantly to the formulation and carrying out of public policy; recognition of the value of governmental support for the international cooperative movement, including through intergovernmental activities; and definition of the responsibilities of the cooperative movement as a major stakeholder in society, to the extent these responsibilities are consistent with its full autonomy.

12. **Special laws on certain categories of cooperatives**: Consistent with the basic provisions of general cooperative legislation, and recognizing the distinctive nature of the business of some cooperatives, it may be appropriate to make special provisions in law for certain types of categories of cooperatives to safeguard their ability to enjoy real equality with other types of associations and enterprises and not be discriminated against because of their special character.

13. **Judicial and administrative practice concerned explicitly with cooperatives**: These must be consistent with the general law on cooperatives and, specifically, with its provisions concerning such practice.

14. **Other laws and practices that may have an effect on cooperatives**: Governments should seek to exclude or eliminate provisions of any law that discriminate against, or are specifically prejudicial to cooperatives. Governments should create an environment that enables cooperatives to identify and communicate cases needing revision.

15. **Monitoring, review and revision of laws and judicial and administrative practices**: This is necessary to ensure that the impact of laws and judicial and administrative practices on the cooperative movement is entirely positive. If identified, discriminatory provisions should be rendered inoperative as quickly as possible pending enactment of revised laws or the issuance of revised regulations and guidelines concerning practice. This process should have as its purpose the early and complete disengagement by Governments from the internal affairs of cooperatives and the cooperative movement, where this still exists, and full operational realization of the principles that cooperatives, although different, are equal to other business enterprises and civil associations.

16. For these purposes, formal procedures for consultation and collaboration should be set up and should include regular and full participation by the cooperative movement. Advantage may be taken also of the special programmes and guidelines offered by specialized international cooperative organizations and intergovernmental organizations.

Research, statistics and information

17. **Research**: Given the significance of the cooperative movement, it may be appropriate to envisage collaboration between governmental and cooperative movement research on matters relevant to public policy; publication and wide diffusion of research results, including those produced by the international cooperative movement, intergovernmental organizations and the United Nations. Emphasis should be on applied research of immediate utility in improving the efficiency of cooperatives, extending benefits to society and improving partnerships between the cooperative movement and Governments.

18. **Statistics**: Several measures may be undertaken to improve statistics for and about cooperatives in view of integrating statistics on cooperatives in regular programmes of the national statistical service and participate in international efforts to improve cooperative statistics, including the establishment of a uniform set of definitions for use by national statistical services.

19. **Information**: Given that Governments regulate and broadly influence information diffusion, a number of measures may be useful in expanding knowledge of the cooperative movement and overcoming prejudices and misconceptions: extension of technical and financial assistance to an extent equal to that made available to other stakeholders; ensuring that no discrimination exists because of the distinctive nature of cooperatives; equal and non-discriminatory access by the cooperative movement to all public media commensurate with its contribution to national life; use of affirmative action to overcome prejudice and misinformation where the term cooperative is associated with a previous and inappropriate usage; diffusion through public media of material on intergovernmental activities undertaken in partnership with or in support of cooperatives; dissemination of printed and computer-based information prepared by governmental or intergovernmental bodies with the same priority and resources as allocated to information on other stakeholders.

Education

20. Given the important contributions of the cooperative movement to education, a number of enabling measures might be useful including the provision of public funds if they are made available to other forms of enterprise for educational programmes. Governments may also consider the inclusion within the national curricula at all levels of the study of the values principles, history, current and potential contribution of the cooperative movement to national society; and encouragement and support of specialized studies in cooperatives at the tertiary level.

Provision of public funds

21. Financial self-reliance, total responsibility and full independence are vital for an effective cooperative enterprise. The best policy approach is one where cooperatives receive the same treatment as any other form of enterprise. A number of other measures are

valuable: acknowledgement and protection of the special character of cooperatives and avoidance in law or practice of any discrimination arising from the special financial status, organization and management of cooperatives; avoidance of any direct or indirect engagement in the internal financial affairs of cooperatives or of the cooperative movement and recognition of the full responsibility of the movement for its own financial affairs; and the development of partnerships with cooperative financial institutions in such matters as community and regional development, drawing on their experience of mobilizing and managing capital in a manner and for purposes conducive to the public good.

Institutional arrangements for collaboration and partnership

22. All Government departments and bodies that have contact with the cooperative movement should be aware of, and act consistently with, national policy on cooperatives. In order to ensure consistency, certain coordinating functions within government, as well as liaison with the cooperative movement, will be useful.

23. It is advisable that a single department or office assume central coordinating, focal and liaison functions, of which the following might be most important: elaboration of a single national comprehensive policy in respect of cooperatives, formulation of guidelines for consistent execution throughout government, including monitoring and review of that execution; collaboration with legal departments in drafting the general and any special laws; and liaison, consultation and collaboration with the cooperative movement.

24. The most effective organizational location for the responsible entity would be within a department already charged with broad strategic and coordinating functions, such as the office of a prime minister or president, or that responsible for economic management of development planning.

25. An institutional arrangement which enables regular consultation and effective collaboration between Governments and the cooperative movement would be valuable.

26. Liaison between intergovernmental programmes and the international cooperative movement should be supported.